

Message Text

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ORIGIN SNM-02

INFO OCT-01 ARA-14 ISO-00 AID-05 L-03 IGA-02 USIE-00
DEAE-00 CIAE-00 INR-07 IO-14 JUSE-00 NSAE-00
TRSE-00 NSC-05 OES-07 OMB-01 INRE-00 SSO-00 /061 R

DRAFTED BY S/NM:MLCHESHES:AG
APPROVED BY S/NM:MFALCO
AID/GC/C:JFINK (DRAFT)
S/NM:DSOHLIN
ARA/RPP:QO'GRADY (SUBS)
AID/SER/INC:HGROOM
-----098938 271524Z /42
O 271447Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA IMMEDIATE

UNCLAS STATE 148887

E.O. 11652: N/A

TAGS: SNAR, CO

SUBJECT: PRO/AG TQ-05/HELICOL CONTRACT

REFERENCES: A) BOGOTA 3428; B) STATE 82201

1. IN VIEW OF POSITIVE RESULTS OF BOURNE/FALCO VISIT
EMBASSY/USAID NOW AUTHORIZED TO CONTINUE NEGOTIATION TO
REVISE PROJECT AGREEMENT PER PARA 8 REF (A) I.E. USG
WILLING TO PAY INSURANCE COSTS AS A LINE ITEM COST IN GOC-
HELICOL CONTRACT.USG WILL APPROVE BUT NOT BE A PARTY TO
SUCH CONTRACT. USG WILL ALSO HAVE TO APPROVE INSURANCE
POLICY AND WHAT GOES INTO IT. IT SHOULD REMAIN CLEAR TO
ALL PARTIES THAT INDEMNITY REST WITH TE GOC,AND THAT
INSURANCE SUPPORTS THAT INDEMNITY. (SEE PARA 4 BELOW)

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2. BY WAY OF EXPLANATION ON ASSUMING INSURANCE COST, THERE
SHOULD BE A PROVISION IN CONTRACT SPECIFYING INSURANCE
COVERAGE WHICH CONTRACTOR SHOULD SECURE. ALL PARTIES
SHOULD BE SATISFIED AS TO THE AMOUNT OF COVERAGE BEING
ADEQUATE TO SUPPORT THE INDEMNITY LANGUAGE SET FORTH IN THE
PROAG AND THE CONTRACT SINCE MONETARY LOSSES OVER AND ABOVE
INSURANCE OF CONTRACTOR OR USG WILL BE RESPONSIBILITY OF

GOC. THE CLAUSE SHOULD ALSO ENUMERATE (1) THE SPECIFIC AMOUNT OF COVERAGE FOR PASSENGERS, THIRD PARTY AND PROPERTY

DAMAGE (NOTE: CONTRACTOR WORKMAN'S COMPENSATION IS A SEPARATE MATTER NOT COVERED IN THIS TYPE POLICY); (2) THAT THE CONTRACTOR IS THE INSURED AND THE GOC AND USG ARE NAMED AS CO-INSURED; (3) THAT THE CO-INSURED WILL BE PROVIDED A MINIMUM OF 30 DAYS NOTICE PRIOR TO CANCELLATION; (4) WAIVE RIGHTS OF SUBROGATION AS BETWEEN INSURED AND CO-INSURED; AND (5) SHOULD THE CONTRACTOR DEEM IT NECESSARY OTHER REQUIREMENTS RELATIVE TO THE INSURANCE MAY BE INCLUDED IN THE CONTRACT CLAUSE TO CLEARLY ESTABLISH RIGHTS AND OBLIGATIONS OF INDEMNIFIED PARTIES AND GOC.

3. WHEN PROAG HAS BEEN FINALIZED IN VIEW OF PARA 1 ABOVE, REF B PROPOSED PARA 4-A PROAG AMENDMENT NO LONGER APPLIES. HOWEVER, WE CONTINUE TO BELIEVE PROPOSED PROAG AMENDMENT IN PARA 4-B AND 4-C OF REF (B) ARE DESIRABLE SUBJECT ONLY TO REVIEW DOLLARS 10 MILLION COVERAGE IN LIGHT OF FIXED WING OPERATION FROM MAJOR AIRPORTS SUCH AS BOGOTA.

4. WE BELIEVE IT ABSOLUTELY ESSENTIAL AT THIS TIME THAT A SEPARATE EXCHANGE OF NOTES BE INITIATED BETWEEN THE USG AND THE GOC THAT AFFIRMS THAT AN AGREEMENT EXISTS BETWEEN THE TWO GOVERNMENTS AND THAT WHILE THE USG AGREES TO UNCLASSIFIED

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REIMBURSE THE GOC FOR THE INSURANCE PREMIUM COSTS FOR THIRD PARTY LIABILITY NOT TO EXCEED DOLLARS 10 MILLION, THE GOC ACCEPTS THAT THE FULL RESPONSIBILITY FOR INDEMNIFICATION RESTS WITH IT, AND THAT PROVIDING INSURANCE COVERAGE FOR WHICH THE UNITED STATES GOVERNMENT REIMBURSES THE GOC FOR THE PREMIUMS DOES NOT REDUCE OR IN ANY WAY SERVE TO LIMIT THAT INDEMNIFICATION. IN THE EVENT OF THIRD PARTY CLAIMS ARISING OUT OF A CATASTROPHIC ACCIDENT THAT EXCEED DOLLARS 10 MILLION OR LOSS OF GOC OR CONTRACTOR AIRCRAFT OR OTHER GOC PROPERTY UTILIZED IN PERFORMANCE OF THE CONTRACT, THE GOC, IN ACCORDANCE WITH THE LANGUAGE CONTAINED IN PROJECT AGREEMENT NUMBER TQ-05 DATED SEPTEMBER 1976, ASSUMES FULL RESPONSIBILITY AND WILL HOLD AND SAVE HARMLESS AID AND THE UNITED STATES GOVERNMENT, ITS PERSONNEL, AGENTS, THE CONTRACTOR, ITS PERSONNEL AND SUB-CONTRACTORS FROM AND AGAINST ALL CLAIMS, DEMANDS, SUITS AND LIABILITY.

5. IN CONNECTION WITH TIMING OF DELIVERY AND COMPLETION OF THE HELICOL CONTRACT, PLEASE ADVISE WHEN YOU EXPECT AMENDED PROAG AND EXCHANGE OF NOTES TO BE COMPLETED. IN VIEW OF BELL HELICOPTER BEING ON VACATION JULY 1 - 18, PILOT ORIENTATION AND TRAINING WILL NOT BE POSSIBLE UNTIL

AFTER THAT DATE. IF HELICOL CONTRACT IS TO COVER THE
FERRYING OF THE AIRCRAFT, IT WILL HAVE TO BE COMPLETED
PRIOR TO DELIVERY. TIMING OF HELICOL CONTRACT NEGOTIATION
WILL DETERMINE WHICH LEGAL COUNSEL WILL BE MADE AVAILABLE
TO POST.

6. IN ORDER AVOID FURTHER DELAYS, MISSION MAY WISH TO
BEGIN DOCUMENTING HELICOL PILOTS TO TRAVEL TO U.S. FOR
TRAINING AND PICK UP OF AIRCRAFT.

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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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